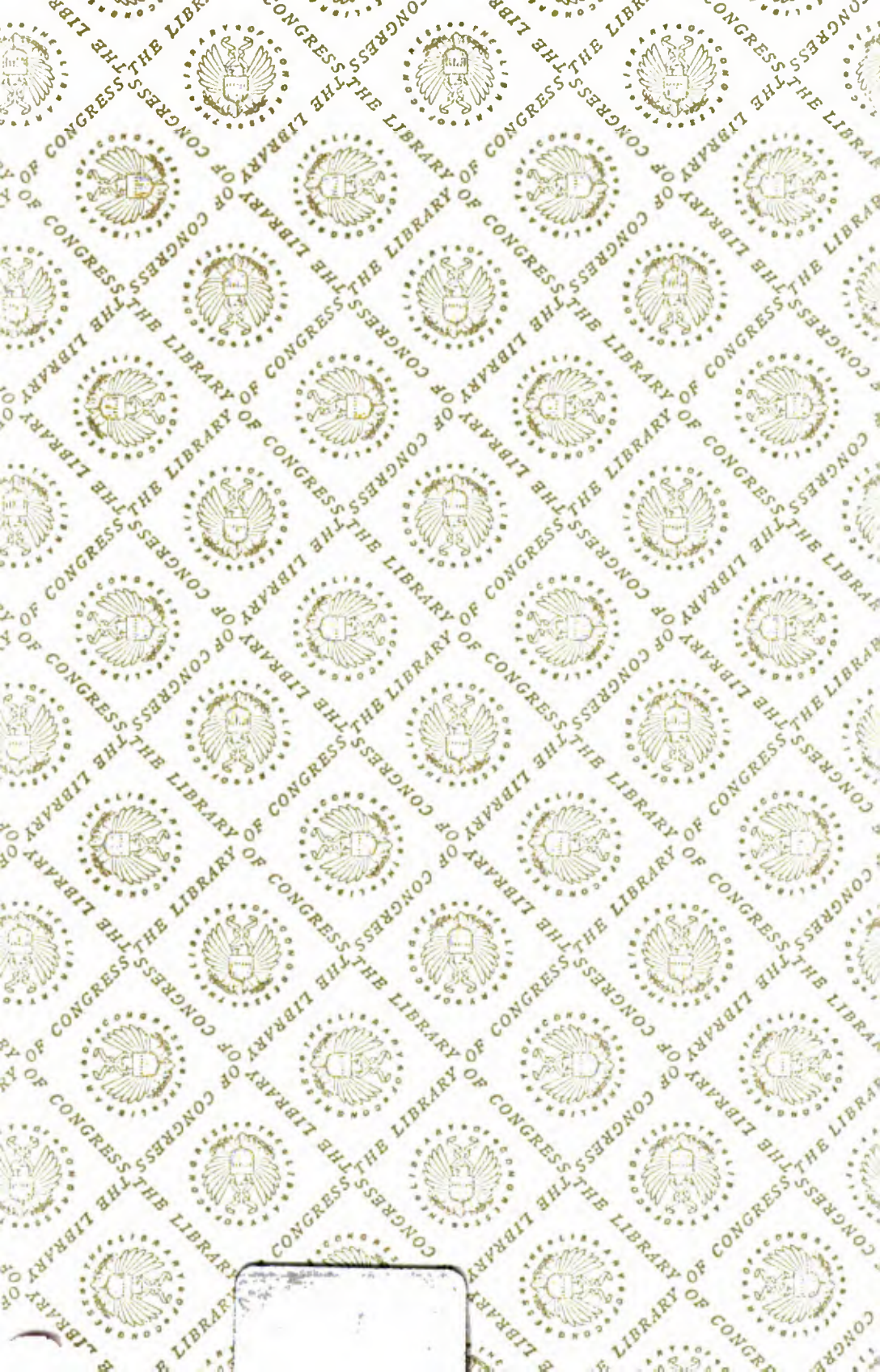
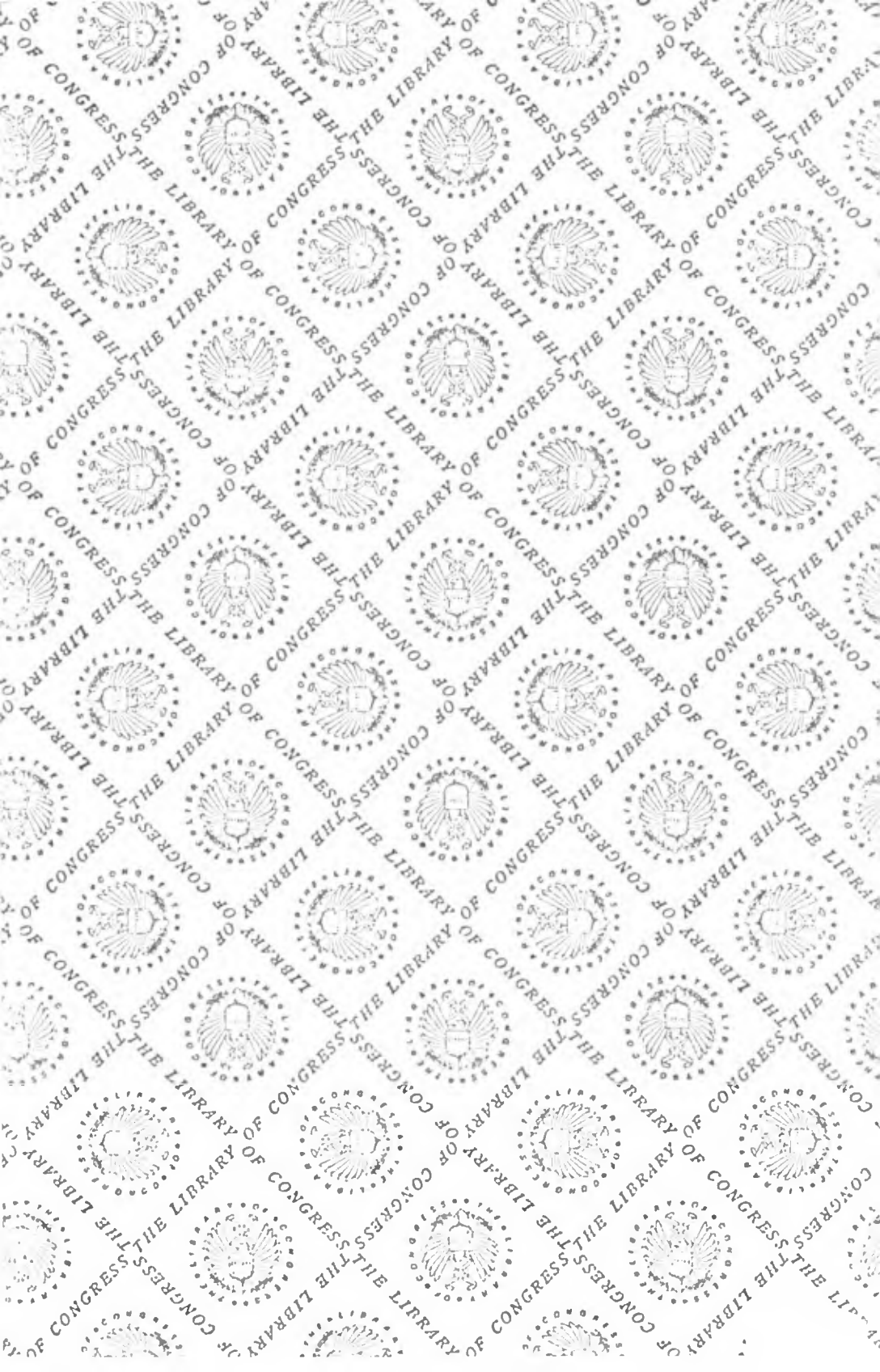


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**POSTAL SAVINGS SYSTEM STATUTE OF  
LIMITATIONS ACT**

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**HEARING**

BEFORE THE

**SUBCOMMITTEE ON ADMINISTRATIVE LAW AND  
GOVERNMENTAL RELATIONS**

OF THE

**COMMITTEE ON THE JUDICIARY  
HOUSE OF REPRESENTATIVES**

**NINETY-EIGHTH CONGRESS**

**FIRST SESSION**

**ON**

**H.R. 3922**

**TO ESTABLISH A ONE-YEAR LIMITATION ON THE FILING OF CLAIMS  
FOR UNPAID ACCOUNTS FORMERLY MAINTAINED IN THE POSTAL  
SAVINGS SYSTEM**

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**OCTOBER 5, 1983**

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**Serial No. 20**

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Printed for the use of the Committee on the Judiciary





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# POSTAL SAVINGS SYSTEM STATUTE OF LIMITATIONS ACT

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WEDNESDAY, OCTOBER 5, 1983

HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON ADMINISTRATIVE LAW AND  
GOVERNMENT RELATIONS  
OF THE COMMITTEE ON THE JUDICIARY,  
*Washington, D.C.*

The subcommittee met, pursuant to other business, at 10:20 a.m., in room 2226, Rayburn House Office Building, Hon. Sam B. Hall, Jr. (chairman of the subcommittee) presiding.

Present: Representatives Hall, Mazzoli, Boucher, and Kindness.

Staff present: William P. Shattuck, counsel; Janet S. Potts, assistant counsel; Steven N. Douglass, assistant counsel; David Karmol, associate counsel; and Florence T. McGrady, clerical staff.

Mr. HALL. We will now take up H.R. 3922, to establish a 1-year limitation on the filing of claims for unpaid accounts formerly maintained in the Postal Savings System.

[A copy of H.R. 3922 follows:]

(1)

98TH CONGRESS  
1ST SESSION

# H. R. 3922

To establish a one-year limitation on the filing of claims for unpaid accounts formerly maintained in the Postal Savings System.

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## IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 19, 1983

Mr. SAM B. HALL, JR., introduced the following bill; which was referred jointly to the Committees on the Judiciary and Post Office and Civil Service

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## A BILL

To establish a one-year limitation on the filing of claims for unpaid accounts formerly maintained in the Postal Savings System.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*  
3       That this Act may be cited as the "Postal Savings System  
4       Statute of Limitations Act".

5       SEC. 2. Section 1322(c) of title 31, United States Code,  
6       "Payments of unclaimed trust fund amounts and refund of  
7       amounts erroneously deposited" is amended to read as fol-  
8       lows:

9       "(c)(1) The Secretary of the Treasury shall hold in the  
10      Treasury trust fund receipt account 'Unclaimed Moneys of

1 Individuals Whose Whereabouts Are Unknown' the balance  
2 remaining after the final distribution of unclaimed Postal  
3 Savings System deposits under section 1(a) of the Act of  
4 August 13, 1971 (Public Law 92-117; 85 Stat. 337). The  
5 Secretary shall use the balance to pay claims for Postal Sav-  
6 ings System deposits without regard to the State law or the  
7 law of other jurisdictions of deposit about the disposition of  
8 unclaimed or abandoned property.

9       “(2) Necessary amounts may be appropriated without  
10 fiscal year limitation to the trust fund receipt account to pay  
11 claims for deposits when the balance in the account is not  
12 sufficient to pay the claims made within the time limitation of  
13 paragraph (3) of this subsection.

14       “(3) No claim for any Postal Savings System deposit  
15 shall be brought after one year from the effective date of this  
16 Act.

17       “(4) The United States Postal Service shall assist the  
18 Secretary in providing public notice of the time limitation of  
19 paragraph (3) of this subsection by posting notices in all post  
20 offices as soon as practicable after the effective date of this  
21 Act.”.

22       SEC. 3. This Act shall be effective on the date of  
23 enactment.

Mr. HALL. The following witnesses are here: Mr. Walter Jordan, Department of the Treasury, Assistant Comptroller for Finance, Bureau of Government Financial Operations; accompanied by Mitchell Levine, Assistant Commissioner Comptroller; and Linda Noonan, attorney.

We are very happy to have you folks with us. There certainly should be very little controversy on this bill. You may proceed.

**TESTIMONY OF WALTER L. JORDAN, ASSISTANT COMPTROLLER FOR FINANCE, BUREAU OF GOVERNMENT FINANCIAL OPERATIONS, DEPARTMENT OF THE TREASURY; ACCOMPANIED BY MITCHELL LEVINE, ASSISTANT COMMISSIONER COMPTROLLER; AND LINDA NONAN, ATTORNEY**

Mr. JORDAN. Thank you, Mr. Chairman. I would like to read from some remarks that I have. I do not have a prepared statement, but I do have some remarks that I would like to read for the record if I may.

Mr. HALL. You may proceed.

Mr. JORDAN. I appreciate this opportunity to discuss the proposed legislation, H.R. 3922, cited as the Postal Savings System Statute of Limitations Act. The establishment of a 1-year limitation on the filing of claims for unpaid accounts formerly maintained in the Postal Savings System is considered reasonable and fair.

There was much publicity given to the liquidation of the Postal Savings System in the form of press releases, radio spot announcements, posters in post offices, et cetera. Local post offices were encouraged to utilize all news media available to disseminate the names of individuals who still have postal savings on deposit. A number of newspapers have published such lists. In addition, postmasters sent letters to each depositor with accounts of \$10 or more.

In 1967, the Treasury Department was given the responsibility for liquidating 580,000 accounts of the Postal Savings System. The Post Office Department transferred to the Treasury Department over \$65 million, representing principal and interest on the accounts.

As of September 30, 1983, over 119,000 accounts have been paid, in the amount of \$59 million. There are still over 460,000 accounts with an approximate value of \$6 million, the amount transferred to States.

Because of State unclaimed property laws, Public Law 92-117 was enacted to make prorated payments to States, territories, and the District of Columbia. At least half of the accounts are estimated to be of nominal value, \$2 or less. The average dollar value of the other half is estimated to be \$24.

Since fiscal year 1980, nearly one-third of the accounts have been paid in the amount of \$2 or less and less than 15,000 claims have been submitted, of which 21 percent resulted in payments to claimants.

There has been a steady decline in the number of payments from a high of 65,000 in fiscal year 1968 to a low of 347 in fiscal year 1982. When the liquidation program began, it was assumed that within less than 5 years, the activity would be virtually nil.

However, after the second year, there was a substantial decline in activity and 16 years later, 80 percent of the accounts are still unpaid. Many of the accounts will never be submitted for payment because of the nominal value. Some of the account records are in deplorable physical condition and date back to 1912.

Here is a sample for your review. This will make it very difficult to verify the validity of the claims.

If the proposed legislation is enacted, there will be some additional cost associated with notifying the general public and the probable increase in activity. However, considering the fact that depositors could have made claim for the proceeds of the closed accounts for 16 years, coupled with the effort made to alert them of the liquidation of the Postal Savings System and the cost of continuing the program, we support the imposition of the 1-year limitation.

At this point, I would like to answer specific questions and concerns which the committee might care to raise.

Mr. HALL. Thank you very much, sir. I'm looking at something that has been handed to me. You tell me what I'm looking at.

Mr. JORDAN. Yes, sir. Those are account cards that we received from the Post Office that represent deposits that were made—I think that particular one you're looking at was made back in 1912.

Mr. HALL. 1912, for \$1.

Mr. JORDAN. Yes, sir. As you can see in the envelope that Mr. Kindness is looking at, there is a torn deposit slip in there that reflects the account of a particular depositor.

Mr. HALL. Will these payments be made?

Mr. JORDAN. They will be made if we receive a claim, sir.

Mr. HALL. All right. Now, you want these account cards back, I understand.

Mr. JORDAN. Yes, sir.

Mr. LEVINE. Yes, sir, those are official records.

Mr. JORDAN. Those are official records.

Mr. MAZZOLI. Out of curiosity, \$1 compound interest from 1912 would be what today? Can anybody figure that out?

Mr. JORDAN. I cannot answer that at this time, sir.

Mr. LEVINE. It's only—you're talking 2 percent. One of the reasons that this Postal Savings System stopped was that it was non-competitive. I mean, it was available when people didn't trust banks. At 2 percent, compounding \$1, you won't get into those one-penny explosions we've seen—

Mr. MAZZOLI. One to the tenth power or something like that. [Laughter.]

Mr. HALL. I understand that there now remains about 467,000 unpaid accounts with a balance of approximately \$5,800,000.

Mr. JORDAN. That is correct, sir.

Mr. HALL. All right. I have no questions.

The gentleman from Ohio.

Mr. KINDNESS. Thank you, Mr. Chairman.

I'd just like to ask what the rationale was for the selection of a 1-year period of limitation now as compared to any other period that might have been selected.

Mr. JORDAN. We looked at it from the standpoint, sir, that this program, since Treasury has been responsible for it, has been going on for 16 years. There's been, we feel, sufficient time for the claim-

ants to come forward based on the notifications that were given, and based on the notification that Treasury gave once it was transferred.

But that does not necessarily mean that the 1 year is set in concrete. We are for any other suggestions relative to a limitation, but we feel that a limitation should be put in at some time.

Mr. KINDNESS. Was it contemplated that there might be some sort of last-minute publicity that would occur, to say, "This is it"?

Mr. JORDAN. Yes; we have discussed this with the Post Office Department. They have agreed to put posters in all of the post offices around the country. We also plan to have Treasury releases stating, if this legislation is passed, what the time limitations are, so we do plan to do as much advertising as we can.

Mr. KINDNESS. All right. I want to call Mike Doyle and tell him that his father, John Doyle, has a couple bucks coming to him.

I appreciate the response to that question. I realize there's no exact time that could be selected that someone might not suggest changing.

I yield back, Mr. Chairman.

Mr. HALL. Mr. Boucher, do you have any questions?

Mr. BOUCHER. Is there presently no time limitation on making these claims?

Mr. JORDAN. That is correct, sir.

Mr. BOUCHER. I notice that on one of these documents, there is the notation, "Written off as unclaimed, June 30, 1945." Do you have a dead file of some sort that you—

Mr. JORDAN. We have what we consider an inactive file, and those are claims that had no activity for the past 20 years. That was when we received them, but we still have to hold these records since the law states that they're to be held in perpetuity. That's why we're trying to get established a time limitation, so that we can at some point destroy the paid accounts; and the unpaid accounts, after this limitation period, we can also destroy.

Mr. BOUCHER. Did I interpret your answer to Mr. Kindness' question to be that you would not object to some slightly longer period than 1 year? You're simply looking for an end point at which you could dispose of these files and not continue to have to hold them?

Mr. JORDAN. That's correct. As I did state, the time that we have held them—and it's been for the last 16 years—and if you take into consideration the time that the Post Office has held them, there's been quite some time that has elapsed.

That's why we went for the 1 year. We thought that we would give sufficient notification, not only through the Post Office, but that any of the claimants that came in, if they were heirs or what have you, we would do whatever research that needed to be done to see that those claims would be paid during this time period.

Mr. BOUCHER. Thank you, sir.

Thank you, Mr. Chairman.

Mr. HALL. Thank you very much. We appreciate your testimony. It's very interesting to see these old accounts that you have.

We will make part of the record a letter dated August 29, 1983, to the Speaker from the Deputy Secretary of the Treasury with reference to this bill.

[The letter to the Speaker follows:]

THE DEPUTY SECRETARY OF THE TREASURY,  
Washington, D.C., August 29, 1983.

Hon. THOMAS P. O'NEILL, Jr.,  
Speaker of the House of Representatives,  
Washington, D.C.

Dear Mr. Speaker: There is transmitted herewith a draft bill, "To establish a one year limitation on the filing of claims for unpaid accounts formerly maintained in The Postal Savings System." The Department of the Treasury was asked last year by the Senate Appropriations Committee "to submit to the Congress proposed legislation which would provide for the establishment of a fair and just [Postal Savings] statute of limitations which protects both the right of the claimants and of the U.S. Government." S. Rep. No. 97-516, 97th Cong., 2d Sess., p. 179 (Aug. 3, 1982).

Authority to accept additional deposits into the Postal Savings System was terminated in 1966. Treasury became responsible for administering payment on the remaining 580,000 unpaid accounts the following year. The Post Office Department concurrently transferred \$65 million to Treasury representing the account balances and accrued interest. In 1971, Congress authorized Treasury to make pro rata distributions to the states, territories and District of Columbia based on a percentage of the value of the account holdings of each jurisdiction's citizens. These distributions were authorized in lieu of allowing claims on the basis of state unclaimed property laws. Subsequently, \$6 million was distributed. At the same time, an authorization to appropriate the amounts necessary to make payment of claims, to cover the possibility that the funds transferred by the Post Office Department would be inadequate to meet the claims, was enacted. No limitation on the time for filing claims was established.

Since 1967, Treasury had made payment to 119,000 depositors or their successors in interest. There remain approximately 467,000 unpaid accounts, with a total estimated balance of approximately \$5,800,000. The funds transferred by the Post Office have been exhausted by payments of claims and the pro rata distribution to the states. In Fiscal Year 1982, Treasury received a \$200,000 supplemental appropriation to meet current claims. In Fiscal Year 1982, Treasury's administrative cost of processing these claims was \$15,000. At an appropriate time, we again plan to seek a supplemental appropriation to cover all additional claims received before the proposed limitation period expires.

Treasury believes that, in light of the fact that former depositors have been able to pursue their claims with Treasury for the last 16 years, a one-year statute of limitations is fair and adequate. In addition, the legislation provides that the statute of limitations will be publicized. The Postal Service would be required to post notices regarding the claims period in all Post Offices as soon as possible after enactment of this bill. Treasury also intends to issue press releases during the period.

It would be appreciated if you would lay this proposed bill before the House of Representatives. An identical bill has been transmitted to the President of the Senate.

The Office of Management and Budget has advised that there is no objection from the standpoint of the Administration's program to the submission of this proposed legislation to the Congress.

Sincerely,

R. T. McNAMAR.

Mr. JORDAN. Thank you.

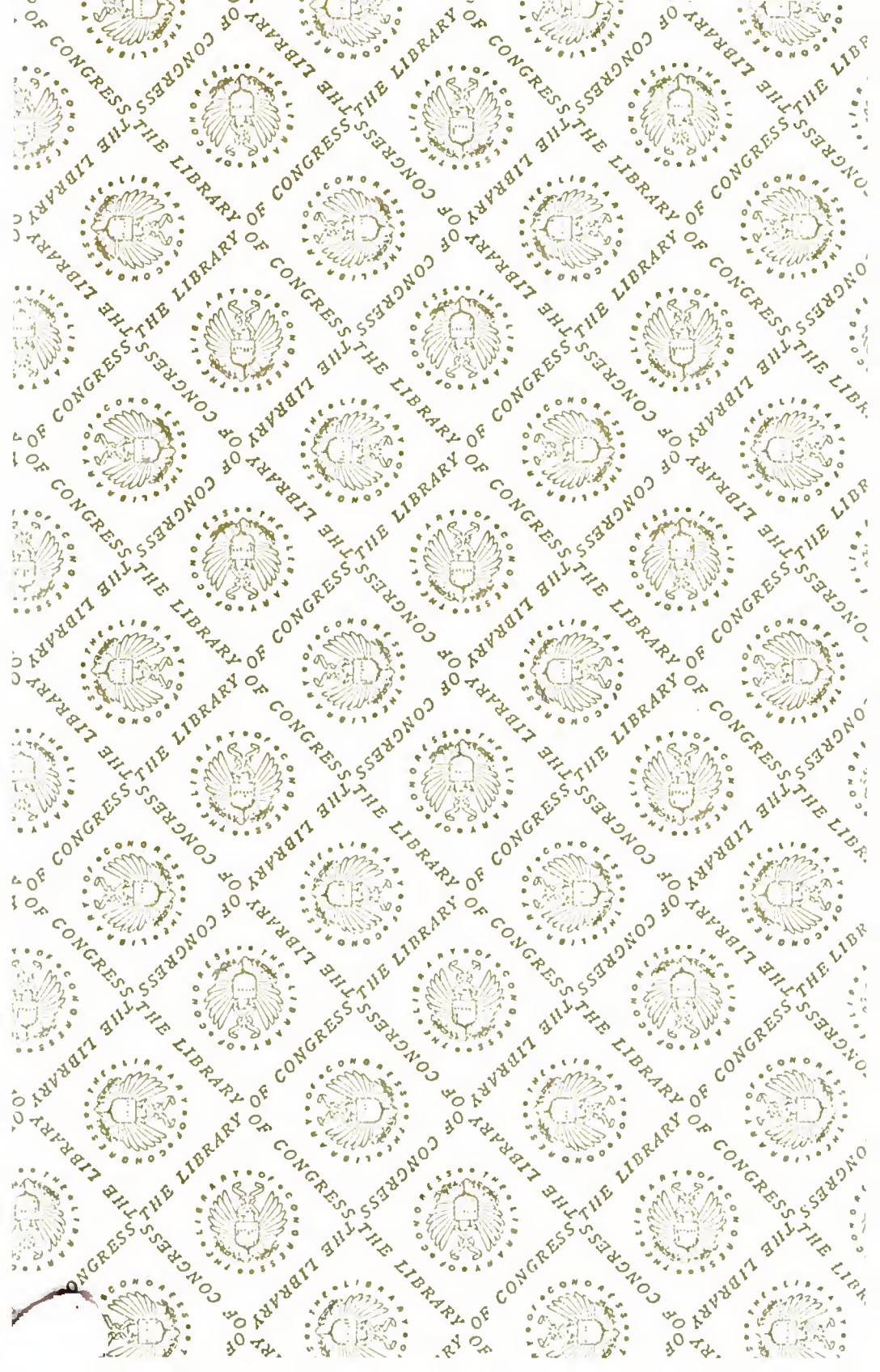
Mr. HALL. If there's nothing else, this committee stands adjourned.

[Whereupon, at 10:30 a.m., the subcommittee was adjourned, to reconvene subject to the call of the Chair.]









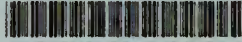
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